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Dee May
Director
Federal Regulatory Affairs

EX PARTE OR LATE FILED

November 5, 1998

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: CC Docket 98-147: In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability

A meeting was held today on the above matter between Bell Atlantic and representatives of the Common Carrier Bureau, the Office of Engineering and Technology and the Office of Policy Planning. Representing Bell Atlantic were A. Trinchese, J. Pachulski, S. Guyer, P. Castleton, D. Albert, C. Kiederer and I. Representatives from the Federal Communications Commission included M. McCormick, J. Garrett, C. Mattey, J. Askin, D. Shiman, J. Oxman, E. Kwerel, A. Thomas, G. Cooke, B. Olson, S. Newman, J. Fabian and S. Pies. Materials distributed and discussed at the meeting are attached.

Please feel free to contact me at 202-336-7824 if you have any questions.

Sincerely,

Dee May

Attachments

Cc:

C. Mattey	J. Garrett	B. Olson
J. Askin	E. Kwerel	J. Oxman
G. Cooke	M. McCormick	S. Pies
J. Fabian	S. Newman	D. Shiman

COLLOCATION

- FCC does not need additional Collocation requirements

- Existing requirements adequate for CLECs that want to offer advanced services

- Bell Atlantic is implementing Collocation for CLECs to provide advanced services, and making changes to meet needs
  - Applications going like "gangbusters"
  - Collocation arrangements completed annually (includes augments)

'96	'97	Thru 9/'98
105	284	340

  - BA adding people, getting vendors to ramp up, offering alternative to conserve space and to meet collocation stated needs

- Most issues are local in nature (e.g. costs, available space, security arrangements) being handled by states (e.g., Massachusetts and New York decision) -- No need for FCC intervention.

COLLOCATION ALTERNATIVES

- FCC tariffs in effect (14 jurisdictions) for shared space, smaller space requirement, and secured cageless arrangements.

- SCOPE provides cageless physical collocation with physical separation of BA space from CLEC space
  - CLECs are demanding security for their equipment from other CLEC's

- Virtual Collocation is Available in all BA central offices
  - CLECs may install equipment using BA-approved contractors
  - BA employees handle equipment maintenance and provisioning under direction of the CLEC
  - Over 490 arrangements completed and in progress
  - Many installations for access to UNE loops
  - Several CLECs use exclusively (Save $$$'s)
  - Implementation interval and cost no higher than CLEC proposed unsecured cageless

CLEC PROPOSED
UNSECURED CAGELESS COLLOCATION

- Issues must be viewed in a Multi-Carrier environment
  - Now up to twelve CLECs in a CO, and growing

- BA closely manages, controls, and limits contractors working in BA central offices

- Significant technical and operational hazards
  - Network Security and Network Reliability
    - Increased Network Outages (human error)
    - Inadvertent property damage
    - Loss of property
  - Operational service quality accountability

- CLECs have options to select their level of security/reliability for their equipment

- With Unsecured Cageless (CLEC proposed), BA cannot select level of security/reliability of its own offices and equipment despite Carrier of Last Resort obligations.

NETWORK RELIABILITY AND SECURITY

- Critical and Essential to maintain the reliability and security of the public network for all users and providers

- What is the Best Method ?

  - **Physical separation of BA/CLEC equipment space is Proactive**

  - All other methods are Reactive
    - e.g. Cameras, badges, card readers, escorts

  - Collocation with Escorts
    - Increases potential for equipment outages
    - Labor issues
      - Where contractors are used today; BA contractors install telecom equipment before it is activated
      - All maintenance and repair of active telecom equipment performed by BA employees
      - All provisioning work on active telecom equipment performed by BA employees
    - Contentious
    - Costly
    - Administratively burdensome

SUB-LOOP UNBUNDLING

- It is not appropriate for the FCC to impose an across the board requirement for Sub-Loop Unbundling

- Many different potential conceptual ways to do sub-loop unbundling
  - Each may, or may not, be technically feasible

- The way sub-loops should be unbundled is the way CLECs will use and purchase

- The most efficient way to do this is to investigate/develop the technical, operational, (and cost) specifics of a sub-loop network element offering using the BA/CLEC bona fide request process.

  - There are some large up-front costs associated with sub-loop unbundling. BA needs assurances and CLEC commitments to recover those cost

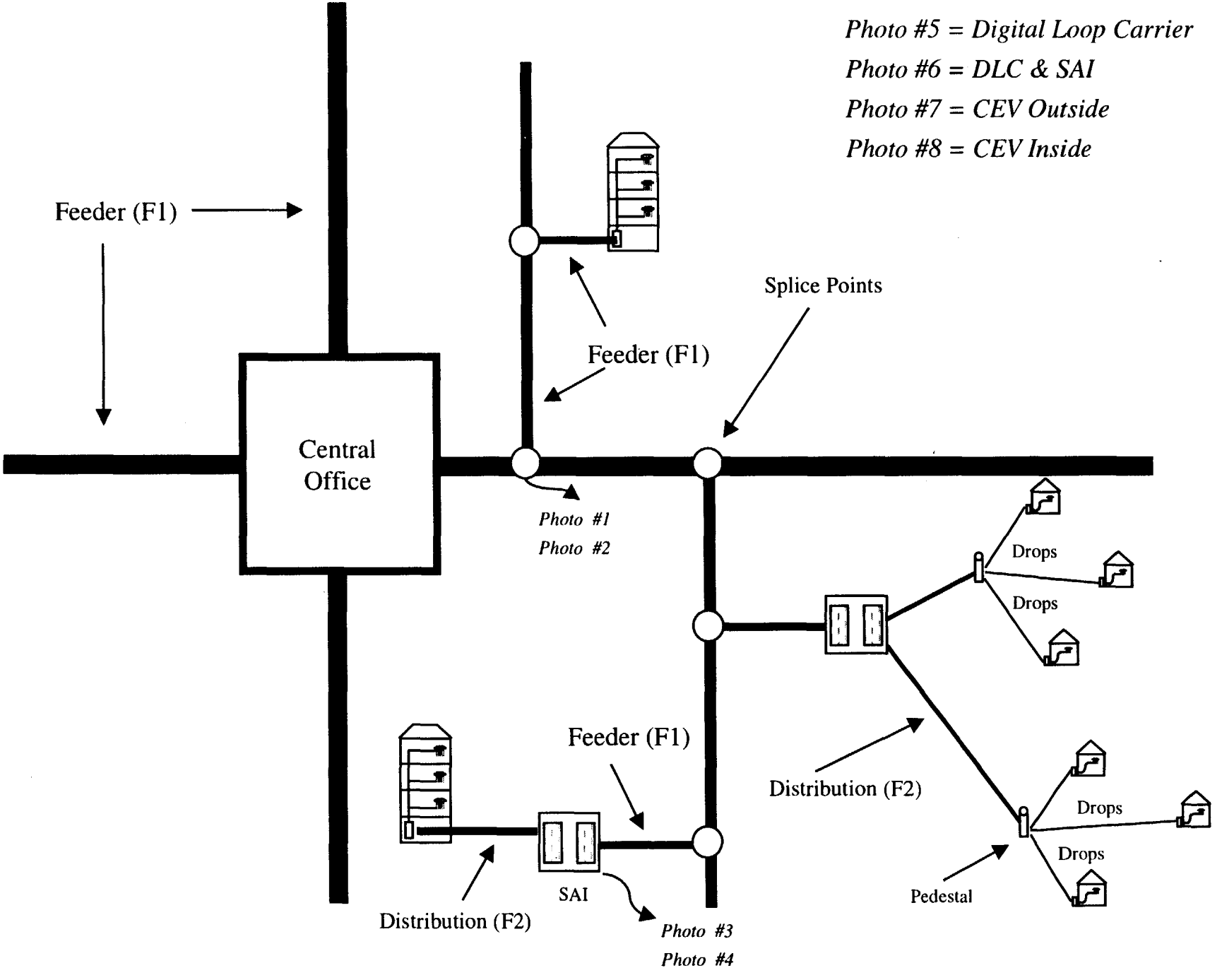


Photo #5 = Digital Loop Carrier
Photo #6 = DLC & SAI
Photo #7 = CEV Outside
Photo #8 = CEV Inside
Feeder (F1)
Central Office
Splice Points
Feeder (F1)
Photo #1
Photo #2
Drops
Drops
Feeder (F1)
Distribution (F2)
Drops
Drops
Pedestal
SAI
Distribution (F2)
Photo #3
Photo #4

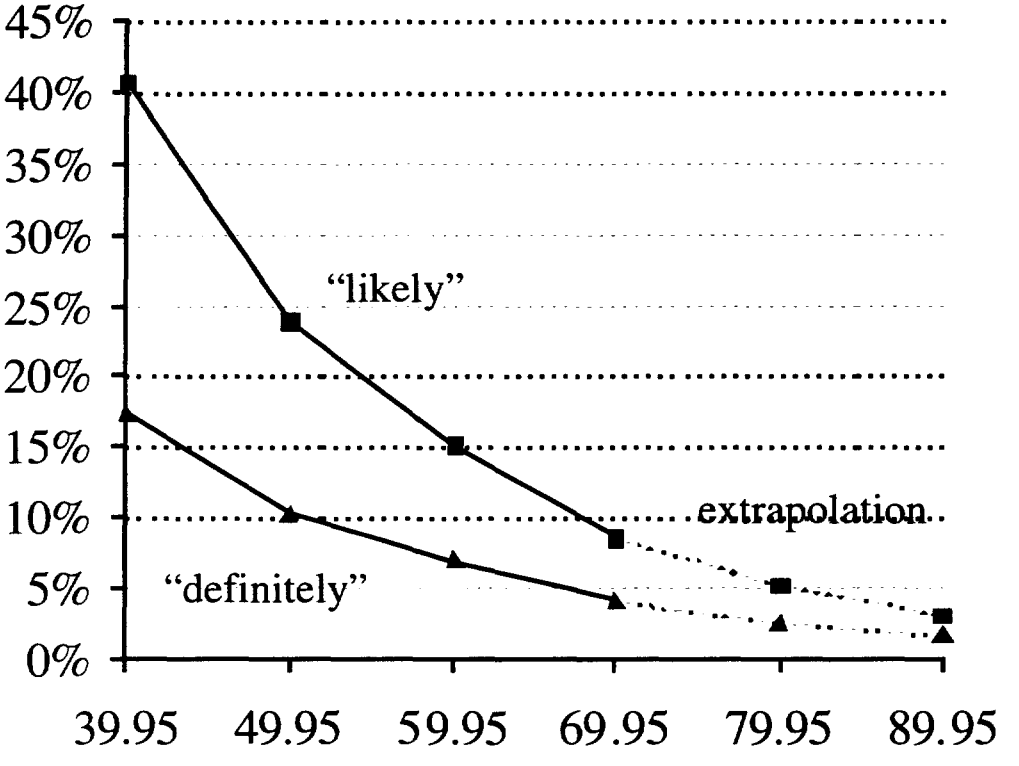
SUB-LOOP UNBUNDLING
ISSUES TO BE EVALUATED

- Modifications to existing BA Operations Support Systems
- Modifications to existing record keeping processes
- Multi-Carrier environment
- Electrical protection and bonding and grounding
- Physical access ..... Network security and Network reliability
- Develop new test systems for remote testing (repair and trouble isolation)
- Develop new vendor hardware (FDIs)
- Additional BA and CLEC technician dispatches for installation, repair and testing
- Right of Way ..... Zoning
- Space and Conduit
- Spectrum Management

SEPARATE AFFILIATE

- Section 706 requires the Commission to encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans.
- A separate affiliate structure will act as a disincentive to mass market deployment of DSL.
- The additional costs of a separate affiliate will make DSL not competitive with cable modems for residential mass market consumers.

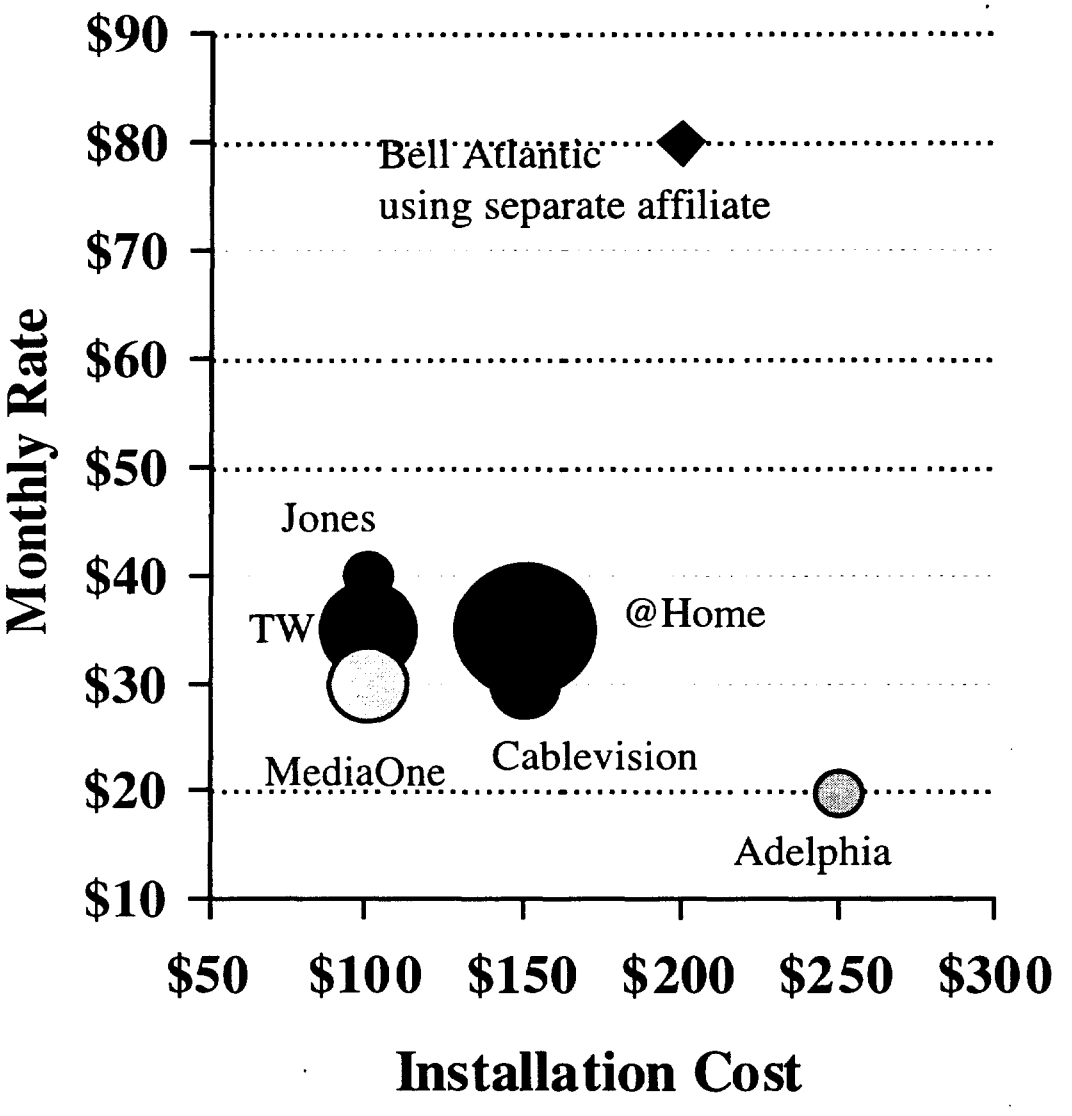
CONSUMER PRICE SENSITIVITY



- Residential consumers are interested in high-speed access to the Internet, but are not willing to pay a large premium.
- Major substitution of analog dial-up occurs in the below $30/month range.

Source: Parks Associates, September 1998, national study, 1502 respondents

MASS MARKET OPTIONS



CABLE MODEM FACTS

- Deploying only in metropolitan areas.
- Currently in 350K homes (>3x ISDN).
- Subscribers double every 6 months.
- On target to be in 2M homes by YE99.
- Priced as a feature on basic cable.
- Subscriber cannot choose an ISP - @Home, RoadRunner/MediaOne Express, and Optimum.

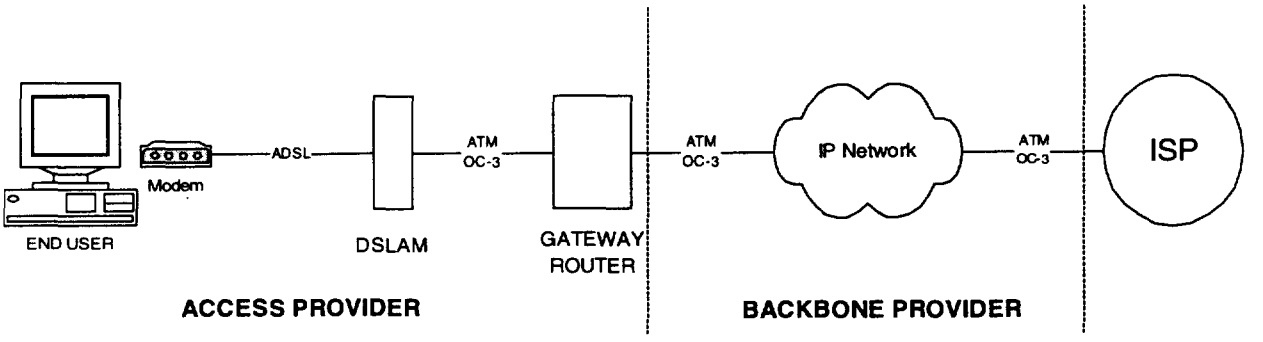
PROBLEMS WITH USING A SERPARATE AFFILIATE

- Duplicates systems and people costs.
- Use of same loop for voice and data is questionable
- Price increase decreases demand.
- Shift to affiliate would delay introduction by 12 months.

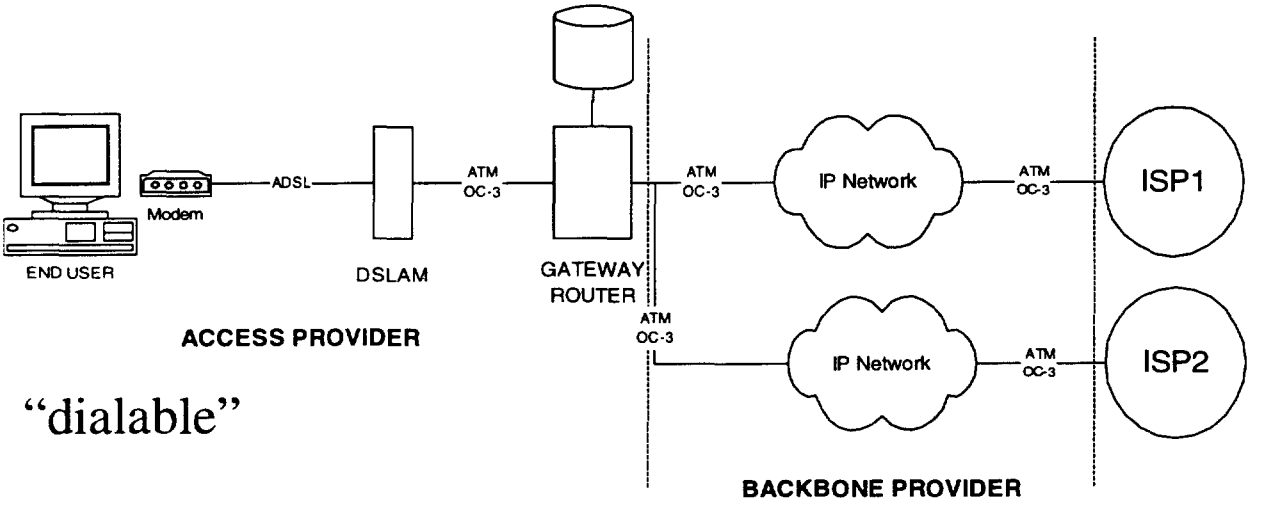
PRICE UNDER A SEPARATE AFFILIATE

Price Component	Separate Affiliate
Direct Network	no change
Loop Cost	UNE loop
Mktg, R&D, Support	100% increase
Info Systems	200% increase
Annualized NRC	no change
Other G&A	200% increase
Margin	no change
Monthly Rate	$ 79.95

TELCOs WILL OFFER CHOICE



"dedicated"



"dialable"

SUMMARY

- Cable modems have established a market price of $29.95 - $39.95 per month.
- Our costs through a separate subsidiary would place us around $79.95 per month.
- Our costs in the telco will support DSL investment and competition with cable modems in the residential mass market.

Limited InterLATA Relief for Advanced Telecommunications Services

1. The Commission has authority to modify LATA boundaries and should exercise that authority to promote the competitiveness and growth of advanced telecommunications services.

   A. Internet backbone services

   B. High-speed transport to the nearest Network Access Point

   C. Intranets and extranets

2. Modifying LATA boundaries for advanced telecommunications services won't eliminate the need or incentive for Section 271 relief to provide general long distance service.

   A. Still need ability to provide full range of voice services: local, intraLATA and interLATA.

   B. Advanced telecommunications services are easily distinguised from traditional common carrier telecommunications services.

3. The Commission should establish an expedited process for obtaining additional InterLATA relief upon an appropriate public interest showing.

4. The Commission should confirm that Bell companies can provide information services on a national and international basis and do not need interLATA authority to provide these services

   A. The Commission has already decided that companies using telecommunications services to provide information services are not providers of telecommunications services.

   B. The same conclusion follows where a Bell company uses telecommunications services to provide information services.

   C. A Bell company therefore does not need interLATA authority to provide an information service using interLATA telecommunications services.

   D. Bell company provision of information services on a national and international basis is procompetitive and in the public interest.

Attachment A

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned into the RIPS system.

✓ Microfilm, microform, certain photographs or videotape.

o Other materials which, for one reason or another, could not be scanned into the RIPS system.

The actual document, page(s) or materials may be reviewed by contacting an Information Technician. Please note the applicable docket or rulemaking number, document type and any other relevant information about the document in order to ensure speedy retrieval by the Information Technician.